

AMENDED IN ASSEMBLY APRIL 20, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 920

**Introduced by Assembly Member Aghazarian
(Principal coauthor: Assembly Member Sharon Runner)**

February 18, 2005

An act to repeal Article 7.7 (commencing with Section 2154) of Chapter 5 of Division 2 of the Business and Professions Code, and to amend Sections 128335 and 128345 of, and to add Article 5 (commencing with Section 128550) to Chapter 5 of Part 3 of Division 107 of, the Health and Safety Code, relating to health professions education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 920, as amended, Aghazarian. California Physicians Corps Program.

Existing law establishes the Steven M. Thompson Physician Corps Loan Repayment Program in the Division of Licensing of the Medical Board of California. Under existing law, the program provides financial incentives to a physician and surgeon for practicing in a medically underserved community. The Medical Board of California has developed a program for volunteering physicians.

Existing law requires the Office of Statewide Health Planning and Development to establish a nonprofit public benefit corporation known as the Health Professions Education Foundation to perform various duties with respect to implementing health professions scholarship and loan programs.

This bill would repeal the Steven M. Thompson Physician Corps Loan Repayment Program in the Division of Licensing of the Medical Board of California. The bill would instead establish within the

foundation, the California Physician Corps Program. The bill would ~~state the intent of the Legislature~~ *provide* that, ~~effective operative~~ July 1, 2006, the operations of the Steven M. Thompson Physician Corps Loan Repayment Program and the ~~Volunteer~~ Physician *Volunteer* Program *shall* be transferred from the Medical Board of California to the foundation's California Physician Corps Program. *The bill would require the foundation, for the purpose of implementing these provisions, to initially adopt the regulations of the board. The bill would authorize the foundation to amend or repeal those regulations, or adopt new regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act.*

Existing law establishes the Health Professions Education Fund the purpose of which is to provide scholarships and loans to students from underrepresented groups who are accepted to or enrolled in schools of medicine, dentistry, nursing, or other health professions, and to fund the Geriatric Nurse Practitioner and Clinical Nurse Specialist Scholarship Program. All money in the fund is continuously appropriated to the office for the purposes of the foundation.

Existing law establishes the Medically Underserved Account in the Contingent Fund of the Medical Board of California.

This bill would establish within the Health Professions Education Fund the Medically Underserved Account for Physicians primarily to fund the Steven M. Thompson Physician Corps Loan Repayment Program, and also to fund the ~~Volunteer~~ Physician *Volunteer* Program. The bill would transfer ~~unencumbered~~ funds in the Medically Underserved Account to the Medically Underserved Account for Physicians established under the bill. Funds in this account would be continuously appropriated for the repayment of loans under the California Physician Corps Program.

Under existing law, the foundation is governed by a board consisting of 11 members.

This bill would add 2 members to the foundation board to be appointed by the Medical Board of California from its membership. The bill would require that these appointed members be reimbursed by the Medical Board of California for any actual and necessary expenses incurred in connection with their duties as members of the foundation board.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares all of
2 the following:

3 (a) An adequate supply of physicians is critical to assuring the
4 health and well-being of the citizens of California, particularly
5 those who live in medically underserved areas.

6 (b) It is in the best interest of the state and its residents that
7 medical services be provided throughout the state in a manner
8 that can be effectively accessed by the residents of all
9 communities.

10 (c) The Medical Board of California has implemented two
11 programs, the Steven M. Thompson Physician Corps Loan
12 Repayment Program and the Physician Volunteer Program, to
13 help address the inadequate supply of physicians in medically
14 underserved areas.

15 (d) The most appropriate source for funding and continued
16 operation of these programs is within the Health Professions
17 Education Foundation.

18 SEC. 2. Article 7.7 (commencing with Section 2154) of
19 Chapter 5 of Division 2 of the Business and Professions Code is
20 repealed.

21 SEC. 3. Section 128335 of the Health and Safety Code is
22 amended to read:

23 128335. (a) The office shall establish a nonprofit public
24 benefit corporation, to be known as the Health Professions
25 Education Foundation, that shall be governed by a board
26 consisting of a total of 13 members, nine members appointed by
27 the Governor, one member appointed by the Speaker of the
28 Assembly, one member appointed by the Senate Committee on
29 Rules, and two members of the Medical Board of California
30 appointed by the Medical Board of California. The members of
31 the foundation board appointed by the Governor, Speaker of the
32 Assembly, and Senate Committee on Rules may include
33 representatives of minority groups that are underrepresented in
34 the health professions, persons employed as health professionals,
35 and other appropriate members of health or related professions.
36 All persons considered for appointment shall have an interest in
37 health programs, an interest in health educational opportunities
38 for underrepresented groups, and the ability and desire to solicit

1 funds for the purposes of this article as determined by the
2 appointing power. The chairperson of the commission shall also
3 be a nonvoting, ex officio member of the board.

4 (b) The Governor shall appoint the president of the board of
5 trustees from among those members appointed by the Governor,
6 the Speaker of the Assembly, ~~and~~ the Senate Committee on
7 Rules, *and the Medical Board of California*.

8 (c) The director, after consultation with the president of the
9 board, may appoint a council of advisers comprised of up to nine
10 members. The council shall advise the director and the board on
11 technical matters and programmatic issues related to the Health
12 Professions Education Foundation Program.

13 (d) Members of the board and members of the council shall
14 serve without compensation but shall be reimbursed for any
15 actual and necessary expenses incurred in connection with their
16 duties as members of the board or the council. Members
17 appointed by the Medical Board of California shall serve without
18 compensation, but shall be reimbursed by the Medical Board of
19 California for any actual and necessary expenses incurred in
20 connection with their duties as members of the foundation board.

21 (e) Notwithstanding any provision of law relating to
22 incompatible activities, no member of the foundation board shall
23 be considered to be engaged in activities inconsistent and
24 incompatible with his or her duties solely as a result of
25 membership on the Medical Board of California.

26 (f) The foundation shall be subject to the Nonprofit Public
27 Benefit Corporation Law (Part 2 (commencing with Section
28 5110) of Division 2 of Title 2 of the Corporations Code), except
29 that if there is a conflict with this article and the Nonprofit Public
30 Benefit Corporation Law (Part 2 (commencing with Section
31 5110) of Division 2 of Title 2 of the Corporations Code), this
32 article shall prevail.

33 SEC. 4. Section 128345 of the Health and Safety Code is
34 amended to read:

35 128345. The Health Professions Education Foundation may
36 do any of the following:

37 (a) Solicit and receive funds from business, industry,
38 foundations, and other private or public sources for the purpose
39 of providing financial assistance in the form of scholarships or
40 loans to African-American students, American Indian students,

1 Hispanic-American students, and other students from
2 underrepresented groups. These funds shall be expended by the
3 office after transfer to the Health Professions Education Fund,
4 created pursuant to Section 128355.

5 (b) Recommend to the director the disbursement of private
6 sector moneys deposited in the Health Professions Education
7 Fund to students from underrepresented groups accepted to or
8 enrolled in schools of medicine, dentistry, nursing, or other
9 health professions in the form of loans or scholarships.

10 (c) Recommend to the director a standard contractual
11 agreement to be signed by the director and any participating
12 student, that would require a period of obligated professional
13 service in the areas in California designated by the commission
14 as deficient in primary care services. The agreement shall include
15 a clause entitling the state to recover the funds awarded plus the
16 maximum allowable interest for failure to begin or complete the
17 service obligation.

18 (d) Develop criteria for evaluating the likelihood that
19 applicants for scholarships or loans would remain to practice
20 their profession in designated areas deficient in primary care
21 services.

22 (e) Develop application forms, which shall be disseminated to
23 students from underrepresented groups interested in applying for
24 scholarships or loans.

25 (f) Encourage private sector institutions, including hospitals,
26 community clinics, and other health agencies to identify and
27 provide educational experiences to students from
28 underrepresented groups who are potential applicants to schools
29 of medicine, dentistry, nursing, or other health professions.

30 (g) Prepare and submit an annual report to the office
31 documenting the amount of money solicited from the private
32 sector, the number of scholarships and loans awarded, the
33 enrollment levels of students from underrepresented groups in
34 schools of medicine, dentistry, nursing, and other health
35 professions, and the projected need for scholarships and loans in
36 the future.

37 (h) Recommend to the director that a portion of the funds
38 solicited from the private sector be used for the administrative
39 requirements of the foundation.

(i) Implement the Steven M. Thompson Physician Corps Loan Repayment Program and the Volunteer Physician Program, as provided under Article 5 (commencing with Section 128550).

SEC. 5. Article 5 (commencing with Section 128550) is added to Chapter 5 of Part 3 of Division 107 of the Health and Safety Code, to read:

Article 5. California Physician Corps Program

128550. (a) There is hereby established within the Health Professions Education Foundation, the California Physician Corps Program.

(b) Commencing July 1, 2006, the operations of both of the following programs shall be transferred from the Medical Board of California to the California Physician Corps Program within the foundation and operated pursuant to this article:

(1) The Steven M. Thompson Physician Corps Loan Repayment Program.

(2) The Physician Volunteer Program developed by the Medical Board of California.

(c) The foundation may enter into an interagency agreement with the Medical Board of California to implement the transfer of programs as provided under subdivision (b).

128551. (a) It is the intent of this article that the Health Professions Education Foundation provide the ongoing program management of the two programs identified in subdivision (b) of Section 128550 as a part of the California Physician Corps Program.

(b) For purposes of subdivision (a), the foundation shall consult with the Medical Board of California, Office of Statewide Planning and Development, medical community, including ethnic representatives, medical schools, health advocates representing ethnic communities, primary care clinics, public hospitals, and health systems, statewide agencies administering state and federally-funded programs targeting underserved communities, and members of the public with expertise in health care issues.

128552. For purposes of this article, the following definitions shall apply:

1 (a) “Account” means the Medically Underserved Account for
2 Physicians established within the Health Professions Education
3 Fund pursuant to this article.

4 (b) “Foundation” means the Health Professions Education
5 Foundation.

6 (c) “Fund” means the Health Professions Education Fund.

7 (d) “Medi-Cal threshold languages” means primary languages
8 spoken by limited-English-proficient (LEP) population groups
9 meeting a numeric threshold of 3,000, eligible LEP Medi-Cal
10 beneficiaries residing in a county, 1,000 Medi-Cal eligible LEP
11 beneficiaries residing in a single ZIP Code, or 1,500 LEP
12 Medi-Cal beneficiaries residing in two contiguous ZIP Codes.

13 (e) “Medically underserved area” means an area defined as a
14 health professional shortage area in Part 5 of Subchapter A of
15 Chapter 1 of Title 42 of the Code of Federal Regulations or an
16 area of the state where unmet priority needs for physicians exist
17 as determined by the California Healthcare Workforce Policy
18 Commission pursuant to Section 128225.

19 (f) “Medically underserved population” means the Medi-Cal
20 program, Healthy Families Program, and uninsured populations.

21 (g) “Office” means the Office of Statewide Health Planning
22 and Development (OSHPD).

23 (h) “Physician Volunteer Program” means the Physician
24 Volunteer Registry program established by the Medical Board of
25 California.

26 ~~(h)~~

27 (i) “Practice setting” means either of the following:

28 (1) A community clinic as defined in subdivision (a) of
29 Section 1204 and subdivision (c) of Section 1206, a clinic owned
30 or operated by a public hospital and health system, or a clinic
31 owned and operated by a hospital that maintains the primary
32 contract with a county government to fulfill the county’s role
33 pursuant to Section 17000 of the Welfare and Institutions Code,
34 which is located in a medically underserved area and at least 50
35 percent of whose patients are from a medically underserved
36 population.

37 (2) A medical practice located in a medically underserved area
38 and at least 50 percent of whose patients are from a medically
39 underserved population.

40 ~~(i)~~

1 (j) “Primary specialty” means family practice, internal
2 medicine, pediatrics, or obstetrics/gynecology.

3 ~~(j)~~
4 (k) “Program” means the ~~California Physician Corps Steven~~
5 ~~M. Thompson Physician Corps Loan Repayment Program.~~

6 ~~(k)~~
7 (l) “Selection committee” means a minimum three-member
8 committee of the board, that includes a member that was
9 appointed by the Medical Board of California.

10 128553. (a) Program applicants shall possess a current valid
11 license to practice medicine in this state issued pursuant to
12 Section 2050 of the Business and Professions Code.

13 (b) ~~The board foundation~~, in consultation with those identified
14 in subdivision (b) of Section 123551, ~~may revise the~~ *shall adopt*
15 guidelines developed by the Medical Board of California for
16 selection and placement of applicants.

17 (c) The guidelines shall meet all of the following criteria:

18 (1) Provide priority consideration to applicants that are best
19 suited to meet the cultural and linguistic needs and demands of
20 patients from medically underserved populations and who meet
21 one or more of the following criteria:

22 (A) Speak a Medi-Cal threshold language.

23 (B) Come from an economically disadvantaged background.

24 (C) Have received significant training in cultural and
25 linguistically appropriate service delivery.

26 (D) Have three years of experience working in medically
27 underserved areas or with medically underserved populations.

28 (E) Have recently obtained a license to practice medicine.

29 (2) Include a process for determining the needs for physician
30 services identified by the practice setting and for ensuring that
31 the practice setting meets the definition specified in subdivision
32 (h) of Section 128552.

33 (3) Give preference to applicants who have completed a
34 three-year residency in a primary specialty.

35 (4) Seek to place the most qualified applicants under this
36 section in the areas with the greatest need.

37 (5) Include a factor ensuring geographic distribution of
38 placements.

39 (d) (1) The foundation may appoint a selection committee that
40 provides policy direction and guidance over the program and that

1 complies with the requirements of subdivision ~~(k)~~(l) of Section
2 128552.

3 (2) The selection committee may fill up to 20 percent of the
4 available positions with program applicants from specialties
5 outside of the primary care specialties.

6 (e) Program participants shall meet all of the following
7 requirements:

8 (1) Shall be working in or have a signed agreement with an
9 eligible practice setting.

10 (2) Shall have full-time status at the practice setting. Full-time
11 status shall be defined by the board and the selection committee
12 may establish exemptions from this requirement on a
13 case-by-case basis.

14 (3) Shall commit to a minimum of three years of service in a
15 medically underserved area. Leaves of absence shall be permitted
16 for serious illness, pregnancy, or other natural causes. The
17 selection committee shall develop the process for determining the
18 maximum permissible length of an absence and the process for
19 reinstatement. Loan repayment shall be deferred until the
20 physician is back to full-time status.

21 (f) The ~~board~~ foundation shall adopt a process that applies if a
22 physician is unable to complete his or her three-year obligation.

23 (g) The ~~board~~ foundation, in consultation with those identified
24 in subdivision (b) of Section 128551, shall develop a process for
25 outreach to potentially eligible applicants.

26 (h) The ~~board~~ foundation may adopt any other standards of
27 eligibility, placement, and termination appropriate to achieve the
28 aim of providing competent health care services in approved
29 practice settings.

30 128554. ~~The board may adopt regulations to implement this~~
31 ~~article. The~~ (a) *The foundation shall initially adopt the*
32 *regulations adopted by the Medical Board of California, which*
33 *regulations shall be exempt from the procedures for the adoption*
34 *of regulations under Article 5 (commencing with Section 11346)*
35 *of Part 1 of Division 3 of Title 2 of the Government Code.*
36 *Subject to subdivision (b), the foundation may thereafter amend*
37 *or repeal any part of those regulations or adopt any other*
38 *regulations it deems appropriate to implement this article.*

39 (b) *Except for those regulations of the Medical Board of*
40 *California initially adopted by the foundation pursuant to*

1 *subdivision (a), all regulations adopted by the foundation for*
2 *purposes of this article shall comply with the procedures for the*
3 *adoption of regulations under Article 5 (commencing with*
4 *Section 11346) of Part 1 of Division 3 of Title 2 of the*
5 *Government Code.*

6 (c) The adoption, amendment, repeal, or readoption of a
7 regulation authorized by ~~this section~~ *subdivision (b)* is deemed to
8 be necessary for the immediate preservation of the public peace,
9 health and safety, or general welfare, for purposes of Sections
10 11346.1 and 11349.6 of the Government Code, and the ~~board~~
11 *foundation* is hereby exempted from the requirement that it
12 describe specific facts showing the need for immediate action.
13 For purposes of subdivision (e) of Section 11346.1 of the
14 Government Code, the 120-day period, as applicable to the
15 effective period of an emergency regulatory action and
16 submission of specified materials to the Office of Administrative
17 Law, is hereby extended to 180 days.

18 128555. (a) The Medically Underserved Account for
19 Physicians is hereby established within the Health Professions
20 Education Fund. The primary purpose of this account is to
21 provide funding for *the ongoing operations of* the Steven M.
22 Thompson Physician Corps Loan Repayment Program provided
23 for under this article. This account also may be used to provide
24 funding for the ~~Volunteer Physician~~ *Physician Volunteer*
25 Program provided for under this article.

26 (b) All ~~unencumbered~~ moneys in the Medically Underserved
27 Account contained within the Contingent Fund of the Medical
28 Board of California shall be transferred to the Medically
29 Underserved Account for Physicians on July 1, 2006.

30 (c) Funds in the account shall be used by the board to repay
31 loans as follows per agreements made with physicians:

32 (1) Funds paid out for loan repayment may have a funding
33 match from foundations or other private sources.

34 (2) Loan repayments may not exceed one hundred five
35 thousand dollars (\$105,000) per individual licensed physician.

36 (3) Loan repayments may not exceed the amount of the
37 educational loans incurred by the physician participant.

38 (d) Notwithstanding Section 11105 of the Government Code,
39 effective January 1, 2006, the ~~board~~ *foundation* may seek and
40 receive matching funds from foundations and private sources to

1 be placed in the account. *“Matching funds” shall not be*
2 *construed to be limited to a dollar-for-dollar match of funds.*

3 (e) Funds placed in the account for purposes of this article,
4 including funds received pursuant to subdivision (d), are,
5 notwithstanding Section 13340 of the Government Code,
6 continuously appropriated for the repayment of loans per
7 agreements made between the board and the physicians.

8 (f) The account shall also be used to pay for the cost of
9 administering the program and for any other purpose authorized
10 by this article.

11 128556. The terms of loan repayment granted under this
12 article shall be as follows:

13 (a) After a program participant has completed one year of
14 providing services as a physician in a medically underserved
15 area, the ~~board~~ *foundation* shall provide up to twenty-five
16 thousand dollars (\$25,000) for loan repayment.

17 (b) After a program participant has completed two consecutive
18 years of providing services as a physician in a medically
19 underserved area, the ~~board~~ *foundation* shall provide an
20 additional amount of loan repayment up to thirty-five thousand
21 dollars (\$35,000), for a total loan repayment of up to sixty
22 thousand dollars (\$60,000).

23 (c) After a program participant has completed three
24 consecutive years of providing services as a physician in a
25 medically underserved area, the ~~board~~ *foundation* shall provide
26 an additional amount of loan repayment up to forty-five thousand
27 dollars (\$45,000), for a total loan repayment of up to one hundred
28 five thousand dollars (\$105,000).

29 128557. (a) The ~~board~~ *foundation* shall submit to the
30 ~~foundation~~ *Legislature* an annual report that includes all of the
31 following:

32 (1) The number of program participants.

33 (2) The name and location of all practice settings with
34 program participants.

35 (3) The amount expended for the program.

36 (4) Information on annual performance reviews by the practice
37 settings and program participants.

38 (5) *Status and statistics on the Physician Volunteer Program.*

39 (b) The foundation shall include *the information required in*
40 *subdivision (a)* in its annual report required pursuant to

- 1 subdivision (g) of Section 128345 ~~the board's annual report~~
2 ~~submitted pursuant to subdivision (a).~~
3 128558. *This article shall become operative on July 1, 2006.*

O